

**Introduced by Senator Cox**

February 15, 2007

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An act to add Chapter 5 (commencing with Section 3351) to Part 2 of Division 3 of the Food and Agricultural Code, relating to state fairs.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 282, as introduced, Cox. State Fair Leasing Authority.

Existing law authorizes 2 or more public agencies to enter into a joint powers agreement to conduct agricultural, industrial, cultural, or other fairs or expositions. Under existing law, entities formed pursuant to a joint powers agreement have the authority to issue revenue bonds for the purposes of conducting a program or completing a project under its jurisdiction.

This bill would authorize the formation of a joint powers entity, the State Fair Leasing Authority, to be composed of the Department of Food and Agriculture, the Department of Finance, the Department of General Services, and the California Exposition and State Fair. The authority would be authorized to enter into leases or other agreements for the use of the State Fair Race Track or any other property owned or controlled by the California Exposition and State Fair. The bill would require the authority to prepare a master plan for the long-range comprehensive development and improvement of the property of the California Exposition and State Fair.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 5 (commencing with Section 3351) is added to Part 2 of Division 3 of the Food and Agricultural Code, to read:

CHAPTER 5. STATE FAIR LEASING AUTHORITY

3351. (a) There is hereby created the State Fair Leasing Authority, a joint powers authority formed pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, which shall be composed of the Department of Food and Agriculture, the Department of Finance, the Department of General Services, and the California Exposition and State Fair.

(b) For the purposes of Section 6502 of the Government Code, the common powers to be exercised by the State Fair Leasing Authority shall be the powers of a district agricultural association.

3352. (a) The authority shall be governed by a board of directors which shall be composed of the Secretary of Food and Agriculture, the Director of Finance, the Director of General Services, and three individuals, appointed by the Governor, who are members of the Board of Directors of the California Exposition and State Fair. The Director of Finance shall serve as chairperson of the authority. All meetings of the authority shall be open and public.

(b) The authority is a “department” for the purposes of hearings pursuant to Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of the Government Code.

3353. (a) The Department of Finance shall provide clerical services to the authority. The Department of Food and Agriculture, the Department of General Services, and the California Horse Racing Board shall cooperate with the authority, and, upon request of the chairperson of the authority, shall provide the authority with the reasonable and periodic use of their staffs.

(b) The Attorney General shall serve as counsel for, and adviser to, the authority, and shall approve outside counsel to the authority in furtherance of the provisions of this chapter, as requested by the chairperson of the authority.

3354. The authority may enter into leases or other agreements for the use of the State Fair Race Track or any other property owned or controlled by the California Exposition and State Fair which the authority shall deem necessary to further the purposes of Section 3331 or to provide horse racing at the State Fair Race Track. A lease or agreement entered into pursuant to this section shall be on behalf of the California Exposition and State Fair, and the State Fair shall continue in control of its property, subject to the conditions and terms of that lease or agreement.

3355. The authority, in consultation with the California Exposition and State Fair, shall prepare a master plan for the long-range comprehensive development and improvement of, and construction upon, the property of the California Exposition and State Fair. The plan shall prescribe the amounts which may be expended for the various features of the plan, the period authorized for the completion of each project, and the terms of any revenue bond financing undertaken with respect to the plan. Upon its completion, the master plan shall be submitted to the appropriate committees of the Legislature. The master plan is subject to amendment by the authority.

3356. The California Horse Racing Board, at the request of the authority, shall certify the eligibility of any prospective lessee or user of the property to be licensed to conduct horse racing at the State Fair Race Track.

3357. (a) In leasing, or entering into agreements for the use of, the State Fair Race Track or other fair property, the authority shall follow the same procedures, as appropriate, as the Department of General Services follows in leasing or entering into similar agreements for other state real property.

(b) Prior to awarding a lease of, or entering into an agreement for the use of, the State Fair Race Track, the authority shall consider all the factors concerning appropriate capital improvements of the race track, the financing of the race track, additional racing opportunities, and any use of new or additional properties or facilities, including, but not limited to, a grandstand or grandstand improvements, which factors shall be considered in the award of the lease or entering into the agreement. The authority shall also consult with any affected local governing bodies prior to awarding the lease or entering into the agreement.

1     3358. If the authority makes a determination pursuant to this  
2 chapter about an action it proposes to take in awarding the State  
3 Fair Race Track lease or entering into the agreement, it shall report  
4 to the Legislature, setting forth the procedures followed by the  
5 authority in reaching its determination and the reasons the proposed  
6 award or agreement is in the best interests of the state. The  
7 authority shall also make recommendations regarding any  
8 additional legislation which it deems necessary. However, no  
9 legislative action is required to make a lease or agreement entered  
10 into by the authority effective and operative.

11     3359. After the award of a lease or upon entering into an  
12 agreement for the use of State Fair property, the authority shall  
13 meet periodically to review the operation of the lease or agreement,  
14 and the master plan, and to consider any other related matters. It  
15 shall also make any recommendations that it deems proper to the  
16 Legislature, other state agencies, including, but not limited to, the  
17 California Exposition and State Fair, and to the lessee or user of  
18 the property.

19     3360. The authority, in the exercise of its powers, may pledge  
20 any and all revenues, moneys, accounts, accounts receivable,  
21 contract rights, and other rights to payment of any kind, pursuant  
22 to the terms and conditions approved by the authority. The  
23 revenues, moneys, accounts, accounts receivable, contract rights,  
24 and other rights to payment pledged by the authority or its  
25 assignees constitute a lien and security interest which immediately  
26 attaches to the property so pledged, and is effective, binding, and  
27 enforceable against the authority, its successors, purchasers of the  
28 property so pledged, creditors, and all others asserting rights  
29 therein, to the extent set forth, and in accordance with, the terms  
30 and conditions of the pledge, irrespective of whether those persons  
31 have notice of the pledge and without the need for any physical  
32 delivery, recordation, filing, or further act.

33     3361. The State of California pledges to, and agrees with, the  
34 holders of any bonds, other indebtedness, or obligations for the  
35 financing of the improvements described in the master plan  
36 pursuant to Section 3355, and which are issued or executed and  
37 delivered by the authority, or the California Exposition and State  
38 Fair, that the state will not alter or change the structure of funding  
39 of, and deposits to, the authority or to the California Exposition  
40 and State Fair pursuant to the provisions of Article 9.2

1 (commencing with Section 19605) of Chapter 4 of Division 8 of  
2 the Business and Professions Code, or the pledge of funds for debt  
3 service, security, including any coverage factors, and expenses  
4 entered into pursuant to this chapter until the bonds, other  
5 indebtedness, or obligations are fully paid or discharged or have  
6 been fully provided for in accordance with their terms. However,  
7 nothing precludes any alteration or change if and when adequate  
8 provision has been made by law for the protection from impairment  
9 of the contract represented by the bonds, other indebtedness, or  
10 obligations, and the right to alter or change is hereby reserved.  
11 The authority, and the California Exposition and State Fair, are  
12 each authorized to include this pledge and undertaking of the state  
13 in their bonds, agreements evidencing other indebtedness, and  
14 other indebtedness or obligations for the financing of the  
15 improvements described in the master plan pursuant to Section  
16 3355.

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